

103D CONGRESS
1ST SESSION

S. 442

AMENDMENTS

In the House of Representatives, U. S.,

October 5, 1993.

Resolved, That the bill from the Senate (S. 442) entitled “An Act to amend the Securities Exchange Act of 1934 to ensure the efficient and fair operation of the government securities market, in order to protect investors and facilitate government borrowing at the lowest possible cost to taxpayers, and to prevent false and misleading statements in connection with offerings of government securities”, do pass with the following

AMENDMENTS:

Strike out all after the resolving clause, and insert:

1 ***SECTION 1. SHORT TITLE.***

2 *This Act may be cited as the “Government Securities*
3 *Reform Act of 1993”.*

4 ***TITLE I—AMENDMENTS TO THE***
5 ***SECURITIES EXCHANGE ACT***
6 ***OF 1934***

7 ***SEC. 101. EXTENSION OF GOVERNMENT SECURITIES RULE-***
8 ***MAKING AUTHORITY.***

9 *Section 15C of the Securities Exchange Act of 1934*
10 *(15 U.S.C. 78o–5) is amended by striking subsection (g).*

1 **SEC. 102. TRANSACTION RECORDS.**

2 (a) *AMENDMENT.*—Section 15C(d) of the Securities
3 Exchange Act of 1934 (15 U.S.C. 78o–5(d)) is amended by
4 adding at the end thereof the following new paragraph:

5 “(3) *GOVERNMENT SECURITIES TRADE RECONSTRUC-*
6 *TION.*—

7 “(A) *FURNISHING RECORDS.*—Every government
8 securities broker and government securities dealer
9 shall furnish to the Commission on request such
10 records of government securities transactions, includ-
11 ing records of the date and time of execution of
12 trades, as the Commission may require to reconstruct
13 trading in the course of a particular inquiry or inves-
14 tigation being conducted by the Commission. In re-
15 quiring information pursuant to this paragraph, the
16 Commission shall specify the information required,
17 the period for which it is required, the time and date
18 on which the information must be furnished, and
19 whether the information is to be furnished directly to
20 the Commission, to the Federal Reserve Bank of New
21 York, or to an appropriate regulatory agency or self-
22 regulatory organization with responsibility for exam-
23 ining the government securities broker or government
24 securities dealer. The Commission may require that
25 such information be furnished in machine readable

1 *form notwithstanding any limitation in subpara-*
2 *graph (B).*

3 “(B) *LIMITATION; CONSTRUCTION.*—The Com-
4 *mission shall not utilize its authority under this*
5 *paragraph to develop regular reporting requirements,*
6 *except that the Commission may require information*
7 *to be furnished under this paragraph as frequently as*
8 *necessary for particular inquiries or investigations.*
9 *This paragraph shall not be construed as requiring,*
10 *or as authorizing the Commission to require, any gov-*
11 *ernment securities broker or government securities*
12 *dealer to obtain or maintain any information for*
13 *purposes of this paragraph which is not otherwise*
14 *maintained by such broker or dealer in accordance*
15 *with any other provision of law or usual and cus-*
16 *tomary business practice. The Commission shall,*
17 *where feasible, avoid requiring any information to be*
18 *furnished under this paragraph that the Commission*
19 *may obtain from the Federal Reserve Bank of New*
20 *York.*

21 “(C) *PROCEDURES FOR REQUIRING INFORMA-*
22 *TION.*—At the time the Commission requests any in-
23 *formation pursuant to subparagraph (A) with respect*
24 *to any government securities broker or government se-*
25 *curities dealer for which the Commission is not the*

1 *appropriate regulatory agency, the Commission shall*
2 *notify the appropriate regulatory agency for such gov-*
3 *ernment securities broker or government securities*
4 *dealer and, upon request, furnish to the appropriate*
5 *regulatory agency any information supplied to the*
6 *Commission.*

7 “(D) *CONSULTATION.*—*Within 90 days after the*
8 *date of the enactment of this paragraph, and annu-*
9 *ally thereafter, or upon the request of any other ap-*
10 *propriate regulatory agency, the Commission shall*
11 *consult with the other appropriate regulatory agencies*
12 *to determine the availability of records that may be*
13 *required to be furnished under this paragraph and,*
14 *for those records available directly from the other ap-*
15 *propriate regulatory agencies, to develop a procedure*
16 *for furnishing such records expeditiously upon the*
17 *Commission’s request.*

18 “(E) *EXCLUSION FOR EXAMINATION REPORTS.*—
19 *Nothing in this paragraph shall be construed so as to*
20 *permit the Commission to require any government se-*
21 *curities broker or government securities dealer to ob-*
22 *tain, maintain, or furnish any examination report of*
23 *any appropriate regulatory agency other than the*
24 *Commission or any supervisory recommendations or*
25 *analysis contained in any such examination report.*

1 “(F) *AUTHORITY TO LIMIT DISCLOSURE OF IN-*
2 *FORMATION.—Notwithstanding any other provision of*
3 *law, the Commission and the appropriate regulatory*
4 *agencies shall not be compelled to disclose any infor-*
5 *mation required or obtained under this paragraph.*
6 *Nothing in this paragraph shall authorize the Com-*
7 *mission or any appropriate regulatory agency to*
8 *withhold information from Congress, or prevent the*
9 *Commission or any appropriate regulatory agency*
10 *from complying with a request for information from*
11 *any other Federal department or agency requesting*
12 *information for purposes within the scope of its juris-*
13 *diction, or from complying with an order of a court*
14 *of the United States in an action brought by the*
15 *United States, the Commission, or the appropriate*
16 *regulatory agency. For purposes of section 552 of title*
17 *5, United States Code, this subparagraph shall be*
18 *considered a statute described in subsection (b)(3)(B)*
19 *of such section 552.”.*

20 (b) *CONFORMING AMENDMENTS.—(1) Section*
21 *15C(a)(4) of the Securities Exchange Act of 1934 (15 U.S.C.*
22 *78o–5(a)(4)) is amended by inserting “, other than sub-*
23 *section (d)(3),” after “subsection (a), (b), or (d) of this sec-*
24 *tion”.*

25 (2) *Section 15C(f)(2) of such Act is amended—*

1 (A) in the first sentence, by inserting “, other
2 than subsection (d)(3)”, after “threatened violation of
3 the provisions of this section”; and

4 (B) in the second sentence, by inserting “(except
5 subsection (d)(3))” after “other than this section”.

6 **SEC. 103. LARGE POSITION REPORTING.**

7 Section 15C of the Securities Exchange Act of 1934
8 (15 U.S.C. 78o–5) is amended—

9 (1) by redesignating subsection (f) as subsection
10 (h); and

11 (2) by inserting after subsection (e) the following
12 new subsection:

13 “(f) *LARGE POSITION REPORTING.*—

14 “(1) *REPORTING REQUIREMENTS.*—The Sec-
15 retary may adopt rules to require specified persons
16 holding, maintaining, or controlling large positions
17 in to-be-issued or recently issued Treasury securities
18 to file such reports regarding such positions as the
19 Secretary determines to be necessary or appropriate
20 for the purpose of monitoring the impact in the
21 Treasury securities market of concentrations of posi-
22 tions in Treasury securities and for the purpose of
23 otherwise assisting the Commission in the enforcement
24 of this title. Reports required under this subsection
25 shall be filed with the Federal Reserve Bank of New

1 *York, acting as agent for the Secretary, and shall be*
 2 *provided by that Federal Reserve Bank to the Com-*
 3 *mission on a timely basis.*

4 “(2) *RECORDKEEPING REQUIREMENTS.*—*Rules*
 5 *under this subsection may require persons holding,*
 6 *maintaining, or controlling large positions in Treas-*
 7 *ury securities to make and keep for prescribed periods*
 8 *such records as the Secretary determines are necessary*
 9 *or appropriate to ensure that such persons can com-*
 10 *ply with reporting requirements under this sub-*
 11 *section.*

12 “(3) *AGGREGATION RULES.*—*Rules under this*
 13 *subsection—*

14 “(A) *may prescribe the manner in which*
 15 *positions and accounts shall be aggregated for*
 16 *the purpose of this subsection, including aggrega-*
 17 *tion on the basis of common ownership or con-*
 18 *trol; and*

19 “(B) *may define which persons (individ-*
 20 *ually or as a group) hold, maintain, or control*
 21 *large positions.*

22 “(4) *DEFINITIONAL AUTHORITY; DETERMINATION*
 23 *OF REPORTING THRESHOLD.—*

24 “(A) *In prescribing rules under this sub-*
 25 *section, the Secretary may, consistent with the*

1 *purpose of this subsection, define terms used in*
 2 *this subsection that are not otherwise defined in*
 3 *section 3 of this title.*

4 *“(B) Rules under this subsection shall speci-*
 5 *fy—*

6 *“(i) the minimum size of positions sub-*
 7 *ject to reporting under this subsection, tak-*
 8 *ing into account the purposes of this sub-*
 9 *section and the potential for price distor-*
 10 *tions or other anomalies resulting from*
 11 *large positions;*

12 *“(ii) the types of positions (which may*
 13 *include financing arrangements) to be re-*
 14 *ported;*

15 *“(iii) the securities to be covered; and*

16 *“(iv) the form and manner in which*
 17 *reports shall be transmitted, which may in-*
 18 *clude transmission in machine readable*
 19 *form.*

20 *“(5) LIMITATION ON DISCLOSURE OF INFORMA-*
 21 *TION.—Notwithstanding any other provision of law,*
 22 *the Secretary and the Commission shall not be com-*
 23 *pelled to disclose any information required to be kept*
 24 *or reported under this subsection. Nothing in this sub-*
 25 *section shall authorize the Secretary or the Commis-*

1 *sion to withhold information from Congress, or pre-*
 2 *vent the Secretary or the Commission from complying*
 3 *with a request for information from any other Fed-*
 4 *eral department or agency requesting information for*
 5 *purposes within the scope of its jurisdiction, or from*
 6 *complying with an order of a court of the United*
 7 *States in an action brought by the United States, the*
 8 *Secretary, or the Commission. For purposes of section*
 9 *552 of title 5, United States Code, this paragraph*
 10 *shall be considered a statute described in subsection*
 11 *(b)(3)(B) of such section 552.”.*

12 **SEC. 104. AUTHORITY OF THE COMMISSION TO REGULATE**
 13 **TRANSACTIONS IN EXEMPTED SECURITIES.**

14 *(a) PREVENTION OF FRAUDULENT AND MANIPULATIVE*
 15 *ACTS AND PRACTICES.—Section 15(c)(2) of the Securities*
 16 *Exchange Act of 1934 (15 U.S.C. 78o(c)(2)) is amended—*

17 *(1) by inserting “(A)” after “(2)”;*

18 *(2) by striking “fictitious quotation, and no mu-*
 19 *nicipal securities dealer” and inserting the following:*
 20 *“fictitious quotation.*

21 *“(B) No municipal securities dealer”;*

22 *(3) by striking “fictitious quotation. The Com-*
 23 *mission shall” and inserting the following:*
 24 *“fictitious quotation.*

1 “(C) No government securities broker or government
 2 securities dealer shall make use of the mails or any means
 3 or instrumentality of interstate commerce to effect any
 4 transaction in, or induce or attempt to induce the purchase
 5 or sale of, any government security in connection with
 6 which such government securities broker or government se-
 7 curities dealer engages in any fraudulent, deceptive, or ma-
 8 nipulative act or practice, or makes any fictitious
 9 quotation.

10 “(D) The Commission shall”; and

11 (4) by inserting at the end thereof the following:

12 “(E) The Commission shall, prior to adopting any rule
 13 or regulation under subparagraph (C), consult with and
 14 consider the views of the Secretary of the Treasury and each
 15 appropriate regulatory agency. If the Secretary of the
 16 Treasury or any appropriate regulatory agency comments
 17 in writing on a proposed rule or regulation of the Commis-
 18 sion under such subparagraph (C) that has been published
 19 for comment, the Commission shall respond in writing to
 20 such written comment before adopting the proposed rule.”.

21 (b) FRAUDULENT AND MANIPULATIVE DEVICES AND
 22 CONTRIVANCES.—Section 15(c)(1) of the Securities Ex-
 23 change Act of 1934 (15 U.S.C. 78o(c)(1)) is amended—

24 (1) by inserting “(A)” after “(c)(1)”;

1 (2) by striking “contrivance, and no municipal
2 securities dealer” and inserting the following:

3 “contrivance.

4 “(B) No municipal securities dealer”;

5 (3) by striking “contrivance. The Commission
6 shall” and inserting the following:

7 “contrivance.

8 “(C) No government securities broker or government
9 securities dealer shall make use of the mails or any means
10 or instrumentality of interstate commerce to effect any
11 transaction in, or to induce or attempt to induce the pur-
12 chase or sale of, any government security by means of any
13 manipulative, deceptive, or other fraudulent device or con-
14 trivance.

15 “(D) The Commission shall”; and

16 (4) by inserting at the end thereof the following:

17 “(E) The Commission shall, prior to adopting any rule
18 or regulation under subparagraph (C), consult with and
19 consider the views of the Secretary of the Treasury and each
20 appropriate regulatory agency. If the Secretary of the
21 Treasury or any appropriate regulatory agency comments
22 in writing on a proposed rule or regulation of the Commis-
23 sion under such subparagraph (C) that has been published
24 for comment, the Commission shall respond in writing to
25 such written comment before adopting the proposed rule.”.

1 **SEC. 105. BROKER/DEALER SUPERVISION RESPONSIBIL-**
2 **ITIES.**

3 *Section 15C of the Securities Exchange Act of 1934*
4 *(15 U.S.C. 78o-5) is amended by inserting after subsection*
5 *(f) (as added by section 103 of this Act) the following new*
6 *subsection:*

7 *“(g) POLICIES AND PROCEDURES TO PREVENT AND*
8 *DETECT VIOLATIONS.—Every government securities broker*
9 *and government securities dealer shall establish, maintain,*
10 *and enforce written policies and procedures reasonably de-*
11 *signed, taking into consideration the nature of such person’s*
12 *business, to prevent and detect in connection with the pur-*
13 *chase or sale of government securities, insofar as prac-*
14 *ticable, fraud and manipulation in violation of this title*
15 *and the rules and regulations thereunder and violations of*
16 *such other provisions of this title and the rules and regula-*
17 *tions thereunder as the appropriate regulatory agency for*
18 *such government securities broker or government securities*
19 *dealer shall designate by rule.”.*

20 **SEC. 106. SALES PRACTICE RULEMAKING AUTHORITY.**

21 *(a) RULES FOR FINANCIAL INSTITUTIONS.—Section*
22 *15C(b) of the Securities Exchange Act of 1934 (15 U.S.C.*
23 *78o-5(b)) is amended—*

24 *(1) by redesignating paragraphs (3), (4), (5),*
25 *and (6) as paragraphs (4), (5), (6), and (7), respec-*
26 *tively; and*

1 (2) by inserting after paragraph (2) the follow-
2 ing new paragraph:

3 “(3) *SALES PRACTICE RULES.*—(A) *With respect to*
4 *any financial institution that has filed notice as a govern-*
5 *ment securities broker or government securities dealer or*
6 *that is required to file notice under subsection (a)(1)(B) of*
7 *this section, the appropriate regulatory agency for such gov-*
8 *ernment securities broker or government securities dealer*
9 *may issue such rules with respect to transactions in govern-*
10 *ment securities as may be necessary to prevent fraudulent*
11 *and manipulative acts and practices and to promote just*
12 *and equitable principles of trade.*

13 “(B) *Each appropriate regulatory agency shall consult*
14 *with the other appropriate regulatory agencies for the pur-*
15 *pose of ensuring the consistency of the rules prescribed by*
16 *such agencies under this paragraph. The appropriate regu-*
17 *latory agencies shall consult with and consider the views*
18 *of the Secretary and the Commission with respect to the*
19 *impact of such rules on the operations of the market for*
20 *government securities, consistency with analogous rules of*
21 *self-regulatory organizations, and the enforcement and ad-*
22 *ministration of such rules. The consultation required by*
23 *this paragraph shall be conducted prior to the appropriate*
24 *regulatory agency adopting a rule under this paragraph,*
25 *unless the appropriate regulatory agency determines that*

1 *an emergency exists requiring expeditious and summary ac-*
 2 *tion and publishes its reasons therefor. If the Secretary or*
 3 *the Commission comments in writing to the appropriate*
 4 *regulatory agency on a proposed rule that has been pub-*
 5 *lished for comment, the appropriate regulatory agency shall*
 6 *respond in writing to such written comment before adopting*
 7 *the rule.”.*

8 (b) *RULES BY REGISTERED SECURITIES ASSOCIA-*
 9 *TIONS.—*

10 (1) *REMOVAL OF LIMITATIONS ON AUTHORITY.—*

11 (A) *Section 15A of the Securities Exchange Act of*
 12 *1934 (15 U.S.C. 78o–3) is amended—*

13 (i) *by striking subsections (f)(1) and (f)(2);*

14 *and*

15 (ii) *by redesignating subsection (f)(3) as*
 16 *subsection (f).*

17 (B) *Section 15A(g) of such Act is amended—*

18 (i) *by striking “exempted securities” in*
 19 *paragraph (3)(D) and inserting “municipal se-*
 20 *curities”;*

21 (ii) *by striking paragraph (4); and*

22 (iii) *by redesignating paragraph (5) as*
 23 *paragraph (4).*

1 (2) *OVERSIGHT OF REGISTERED SECURITIES AS-*
2 *SOCIATIONS.—Section 19 of the Securities Exchange*
3 *Act of 1934 (15 U.S.C. 78s) is amended—*

4 (A) *in subsection (b), by adding at the end*
5 *thereof the following new paragraph:*

6 “(5) *The Commission shall consult with and consider*
7 *the views of the Secretary of the Treasury prior to approv-*
8 *ing a proposed rule change filed by a registered securities*
9 *association that primarily concerns conduct related to*
10 *transactions in government securities, except where the*
11 *Commission determines that an emergency exists requiring*
12 *expeditious or summary action and publishes its reasons*
13 *therefor. If the Secretary comments in writing to the Com-*
14 *mission on such proposed rule change that has been pub-*
15 *lished for comment, the Commission shall respond in writ-*
16 *ing to such written comment before approving the proposed*
17 *rule change.”;*

18 (B) *in subsection (c), by adding at the end*
19 *thereof the following new paragraph:*

20 “(5) *Before adopting a rule to amend a rule of*
21 *a registered securities association that primarily con-*
22 *cerns conduct related to transactions in government*
23 *securities, the Commission shall consult with and con-*
24 *sider the views of the Secretary, except where the*
25 *Commission determines that an emergency exists re-*

1 *quiring expeditious or summary action and publishes*
 2 *its reasons therefor. If the Secretary comments in*
 3 *writing to the Commission on such proposed rule*
 4 *change that has been published for comment, the Com-*
 5 *mission shall respond in writing to such written com-*
 6 *ment before approving the proposed rule change.”.*

7 (3) *CONFORMING AMENDMENT.—*

8 (A) *Section 3(a)(12)(B)(ii) of such Act (15*
 9 *U.S.C. 78c(a)(12)(B)(ii)) is amended by striking*
 10 *“15, 15A (other than subsection (g)(3)), and*
 11 *17A” and inserting “15 and 17A”.*

12 (B) *Section 15(b)(7) of such Act (15 U.S.C.*
 13 *78o(b)(7)) is amended by inserting “or govern-*
 14 *ment securities broker or government securities*
 15 *dealer registered (or required to register) under*
 16 *section 15C(a)(1)(A)” after “No registered broker*
 17 *or dealer”.*

18 **SEC. 107. MARKET INFORMATION.**

19 *Section 23(b)(4) of the Securities Exchange Act of*
 20 *1934 (15 U.S.C. 78w) is amended—*

21 (1) *by striking subparagraphs (C), (D), and (H);*

22 (2) *by redesignating subparagraphs (E), (F),*
 23 *and (G) as subparagraphs (C), (D), and (E), respec-*
 24 *tively;*

1 (3) by redesignating subparagraphs (I), (J), and
2 (K) as subparagraphs (F), (G), and (H), respectively;

3 (4) by striking “and” at the end of such redesign-
4 ated subparagraph (G);

5 (5) by striking the period at the end of such re-
6 designated subparagraph (H) and inserting “; and”;
7 and

8 (6) by inserting after such redesignated subpara-
9 graph (H) the following new subparagraph:

10 “(I) the steps that have been taken and the
11 progress that has been made in promoting the timely
12 public dissemination and availability for analytical
13 purposes (on a fair, reasonable, and nondiscrim-
14 inatory basis) of information concerning government
15 securities transactions and quotations, and its rec-
16 ommendations, if any, for legislation to assure timely
17 dissemination of (i) information on transactions in
18 regularly traded government securities sufficient to
19 permit the determination of the prevailing market
20 price for such securities, and (ii) reports of the high-
21 est published bids and lowest published offers for gov-
22 ernment securities (including the size at which per-
23 sons are willing to trade with respect to such bids and
24 offers).”.

1 **SEC. 108. STUDY OF REGULATORY SYSTEM FOR GOVERN-**
2 **MENT SECURITIES.**

3 (a) *JOINT STUDY.*—The Secretary of the Treasury, the
4 Securities and Exchange Commission, and the Board of
5 Governors of the Federal Reserve System shall—

6 (1) *evaluate the effectiveness of any rules pro-*
7 *mulgated or amended after October 1, 1991, pursuant*
8 *to section 15C of the Securities Exchange Act of 1934*
9 *or any amendment made by this title, and any na-*
10 *tional securities association rule changes applicable*
11 *principally to government securities transactions ap-*
12 *proved after October 1, 1991, in carrying out the pur-*
13 *poses of such Act;*

14 (2) *evaluate the effectiveness of surveillance and*
15 *enforcement with respect to government securities,*
16 *and the impact on such surveillance and enforcement*
17 *of defects in any available audit trails with respect*
18 *to transactions in such securities; and*

19 (3) *submit to the Congress, not later than March*
20 *31, 1998, any recommendations they may consider*
21 *appropriate concerning—*

22 (A) *the regulation of government securities*
23 *brokers and government securities dealers,*

24 (B) *the dissemination of information con-*
25 *cerning quotations for and transactions in gov-*
26 *ernment securities,*

1 (C) the prevention of sales practice abuses
2 in connection with transactions in government
3 securities, and

4 (D) such other matters as they consider ap-
5 propriate.

6 (b) GAO STUDY.—The Comptroller General shall—

7 (1) conduct a study of the effectiveness of regula-
8 tion of government securities brokers and government
9 securities dealers pursuant to section 15C of the Secu-
10 rities Exchange Act of 1934 and the effectiveness of
11 the amendments made by this title; and

12 (2) submit to the Congress, not later than March
13 31, 1997, the Comptroller General's recommendations
14 for change, if any, or such other recommendations as
15 the Comptroller General considers appropriate.

16 (c) TREASURY STUDY.—The Secretary of the Treasury,
17 in consultation with the Securities and Exchange Commis-
18 sion, shall—

19 (1) conduct a study of—

20 (A) the identity and nature of the business
21 of government securities brokers and government
22 securities dealers that are registered with the Se-
23 curities and Exchange Commission under section
24 15C of the Securities Exchange Act of 1934; and

1 (B) the continuing need for, and regulatory
 2 and financial consequences of, a separate regu-
 3 latory system for such government securities bro-
 4 kers and government securities dealers; and

5 (2) submit to the Congress, not later than 18
 6 months after the date of enactment of this Act, the
 7 Secretary's recommendations for change, if any, or
 8 such other recommendations as the Secretary consid-
 9 ers appropriate.

10 **SEC. 109. TECHNICAL AMENDMENTS.**

11 (a) AMENDMENTS TO DEFINITIONS.—Section 3(a) of
 12 the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is
 13 amended—

14 (1) in paragraph (34)(G) (relating to the defini-
 15 tion of appropriate regulatory agency), by amending
 16 clauses (ii), (iii), and (iv) to read as follows:

17 “(ii) the Board of Governors of the
 18 Federal Reserve System, in the case of a
 19 State member bank of the Federal Reserve
 20 System, a foreign bank, an uninsured State
 21 branch or State agency of a foreign bank, a
 22 commercial lending company owned or con-
 23 trolled by a foreign bank (as such terms are
 24 used in the International Banking Act of
 25 1978), or a corporation organized or having

1 *an agreement with the Board of Governors*
 2 *of the Federal Reserve System pursuant to*
 3 *section 25 or section 25A of the Federal Re-*
 4 *serve Act;*

5 “(iii) *the Federal Deposit Insurance*
 6 *Corporation, in the case of a bank insured*
 7 *by the Federal Deposit Insurance Corpora-*
 8 *tion (other than a member of the Federal*
 9 *Reserve System or a Federal savings bank)*
 10 *or an insured State branch of a foreign*
 11 *bank (as such terms are used in the Inter-*
 12 *national Banking Act of 1978);*

13 “(iv) *the Director of the Office of*
 14 *Thrift Supervision, in the case of a savings*
 15 *association (as defined in section 3(b) of the*
 16 *Federal Deposit Insurance Act) the deposits*
 17 *of which are insured by the Federal Deposit*
 18 *Insurance Corporation;”;*

19 (2) *by amending paragraph (46) (relating to the*
 20 *definition of financial institution) to read as follows:*

21 “(46) *The term ‘financial institution’ means—*

22 “(A) *a bank (as defined in paragraph (6)*
 23 *of this subsection);*

24 “(B) *a foreign bank (as such term is used*
 25 *in the International Banking Act of 1978); and*

1 “(C) a savings association (as defined in
 2 section 3(b) of the Federal Deposit Insurance
 3 Act) the deposits of which are insured by the
 4 Federal Deposit Insurance Corporation.”; and
 5 (3) by redesignating paragraph (51) (as added
 6 by section 204 of the International Securities Enforce-
 7 ment Cooperation Act of 1990) as paragraph (52).

8 (b) *EFFECTIVE DATE OF BROKER/DEALER REGISTRA-*
 9 *TION.*—

10 (1) *GOVERNMENT SECURITIES BROKERS AND*
 11 *DEALERS.*—Section 15C(a)(2)(ii) of the Securities
 12 Exchange Act of 1934 (15 U.S.C. 78o-5(a)(2)(ii)) is
 13 amended by inserting before “The Commission may
 14 extend” the following: “The order granting registra-
 15 tion shall not be effective until such government secu-
 16 rities broker or government securities dealer has be-
 17 come a member of a national securities exchange reg-
 18 istered under section 6 of this title, or a securities as-
 19 sociation registered under section 15A of this title,
 20 unless the Commission has exempted such government
 21 securities broker or government securities dealer, by
 22 rule or order, from such membership.”.

23 (2) *OTHER BROKERS AND DEALERS.*—Section
 24 15(b)(1)(B) of such Act (15 U.S.C. 78o(b)(1)(B)) is
 25 amended by inserting before “The Commission may

1 *extend” the following: “The order granting registra-*
2 *tion shall not be effective until such broker or dealer*
3 *has become a member of a registered securities asso-*
4 *ciation, or until such broker or dealer has become a*
5 *member of a national securities exchange if such*
6 *broker or dealer effects transactions solely on that ex-*
7 *change, unless the Commission has exempted such*
8 *broker or dealer, by rule or order, from such member-*
9 *ship.”.*

10 (c) *INFORMATION SHARING.*—Section 15C(d)(2) of
11 *such Act is amended to read as follows:*

12 “(2) *Information received by an appropriate regu-*
13 *latory agency, the Secretary, or the Commission from or*
14 *with respect to any government securities broker, govern-*
15 *ment securities dealer, any person associated with a govern-*
16 *ment securities broker or government securities dealer, or*
17 *any other person subject to this section or rules promulgated*
18 *thereunder, may be made available by the Secretary or the*
19 *recipient agency to the Commission, the Secretary, the De-*
20 *partment of Justice, the Commodity Futures Trading Com-*
21 *mission, any appropriate regulatory agency, any self-regu-*
22 *latory organization, or any Federal Reserve Bank.”.*

1 **SEC. 110. OFFERINGS OF CERTAIN GOVERNMENT SECURI-**
 2 **TIES.**

3 *Section 15(c) of the Securities Exchange Act of 1934*
 4 *(15 U.S.C. 78o(c)) is amended by adding at the end the*
 5 *following new paragraph:*

6 *“(7) In connection with any bid for or purchase of a*
 7 *government security related to an offering of government*
 8 *securities by or on behalf of an issuer, no government securi-*
 9 *ties broker, government securities dealer, or bidder for or*
 10 *purchaser of securities in such offering shall knowingly or*
 11 *willfully make any false or misleading written statement*
 12 *or omit any fact necessary to make any written statement*
 13 *made not misleading.”.*

14 **SEC. 111. RULE OF CONSTRUCTION.**

15 *(a) IN GENERAL.—No provision of, or amendment*
 16 *made by, this title may be construed—*

17 *(1) to govern the initial issuance of any public*
 18 *debt obligation, or*

19 *(2) to grant any authority to (or extend any au-*
 20 *thority of) the Securities and Exchange Commission,*
 21 *any appropriate regulatory agency, or a self-regu-*
 22 *latory organization—*

23 *(A) to prescribe any procedure, term, or*
 24 *condition of such initial issuance,*

25 *(B) to promulgate any rule or regulation*
 26 *governing such initial issuance, or*

(c) *PUBLIC DEBT OBLIGATION.*—For purposes of this section, the term “public debt obligation” means an obligation subject to the public debt limit established in section 3101 of title 31, United States Code.

12 SEC. 201. ANNUAL REPORT ON PUBLIC DEBT.

16 ***“§ 3130. Annual public debt report***

22 “(1) the Treasury’s public debt activities, and

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1 “(b) *REQUIRED INFORMATION ON PUBLIC DEBT AC-*
2 *TIVITIES.—Each report submitted under subsection (a)*
3 *shall include the following information:*

4 “(1) *A table showing the following information*
5 *with respect to the total public debt:*

6 “(A) *The past levels of such debt and the*
7 *projected levels of such debt as of the close of the*
8 *current fiscal year and as of the close of the next*
9 *5 fiscal years under the most recent current serv-*
10 *ices baseline projection of the executive branch.*

11 “(B) *The past debt to GDP ratios and the*
12 *projected debt to GDP ratios as of the close of the*
13 *current fiscal year and as of the close of the next*
14 *5 fiscal years under such most recent current*
15 *services baseline projection.*

16 “(2) *A table showing the following information*
17 *with respect to the net public debt:*

18 “(A) *The past levels of such debt and the*
19 *projected levels of such debt as of the close of the*
20 *current fiscal year and as of the close of the next*
21 *5 fiscal years under the most recent current serv-*
22 *ices baseline projection of the executive branch.*

23 “(B) *The past debt to GDP ratios and the*
24 *projected debt to GDP ratios as of the close of the*
25 *current fiscal year and as of the close of the next*

1 5 fiscal years under such most recent current
2 services baseline projection.

3 “(C) The interest cost on such debt for prior
4 fiscal years and the projected interest cost on
5 such debt for the current fiscal year and for the
6 next 5 fiscal years under such most recent cur-
7 rent services baseline projection.

8 “(D) The interest cost to outlay ratios for
9 prior fiscal years and the projected interest cost
10 to outlay ratios for the current fiscal year and
11 for the next 5 fiscal years under such most recent
12 current services baseline projection.

13 “(3) A table showing the maturity distribution of
14 the net public debt as of the time the report is submit-
15 ted and for prior years, and an explanation of the
16 overall financing strategy used in determining the
17 distribution of maturities when issuing public debt
18 obligations.

19 “(4) A table showing the following information
20 as of the time the report is submitted and for prior
21 years:

22 “(A) A description of the various categories
23 of the holders of public debt obligations.

24 “(B) The portions of the total public debt
25 held by each of such categories.

1 “(5) A table showing the relationship of federally
2 assisted borrowing to total Federal borrowing as of
3 the time the report is submitted and for prior years.

4 “(6) A table showing the annual principal and
5 interest payments which would be required to amor-
6 tize in equal annual payments the level (as of the
7 time the report is submitted) of the net public debt
8 over the longest remaining term to maturity of any
9 obligation which is a part of such debt.

10 “(c) *REQUIRED INFORMATION ON FEDERAL FINANC-*
11 *ING BANK.*—Each report submitted under subsection (a)
12 shall include (but not be limited to) information on the fi-
13 nancial operations of the Federal Financing Bank, includ-
14 ing loan payments and prepayments, and on the levels and
15 categories of the lending activities of the Federal Financing
16 Bank, for the current fiscal year and for prior fiscal years.

17 “(d) *RECOMMENDATIONS.*—The Secretary of the Treas-
18 ury may include in any report submitted under subsection
19 (a) such recommendations to improve the issuance and sale
20 of public debt obligations (and with respect to other mat-
21 ters) as he may deem advisable.

22 “(e) *DEFINITIONS.*—For purposes of this section—

23 “(1) *CURRENT FISCAL YEAR.*—The term ‘current
24 fiscal year’ means the fiscal year ending in the cal-
25 endar year in which the report is submitted.

1 “(2) *TOTAL PUBLIC DEBT*.—The term ‘total pub-
 2 lic debt’ means the total amount of the obligations
 3 subject to the public debt limit established in section
 4 3101 of this title.

5 “(3) *NET PUBLIC DEBT*.—The term ‘net public
 6 debt’ means the portion of the total public debt which
 7 is held by the public.

8 “(4) *DEBT TO GDP RATIO*.—The term ‘debt to
 9 GDP ratio’ means the percentage obtained by divid-
 10 ing the level of the total public debt or net public debt,
 11 as the case may be, by the gross domestic product.

12 “(5) *INTEREST COST TO OUTLAY RATIO*.—The
 13 term ‘interest cost to outlay ratio’ means, with respect
 14 to any fiscal year, the percentage obtained by divid-
 15 ing the interest cost for such fiscal year on the net
 16 public debt by the total amount of Federal outlays for
 17 such fiscal year.”

18 (b) *CLERICAL AMENDMENT*.—The analysis for sub-
 19 chapter II of chapter 31 of title 31, United States Code,
 20 is amended by adding at the end thereof the following new
 21 item:

 “3130. Annual public debt report.”

22 **SEC. 202. TREASURY AUCTION REFORMS.**

23 (a) *ABILITY TO SUBMIT COMPUTER TENDERS IN*
 24 *TREASURY AUCTIONS*.—By the end of 1995, any bidder
 25 shall be permitted to submit a computer-generated tender

1 *to any automated auction system established by the Sec-*
 2 *retary of the Treasury for the sale upon issuance of securi-*
 3 *ties issued by the Secretary if the bidder—*

4 *(1) meets the minimum creditworthiness stand-*
 5 *ard established by the Secretary; and*

6 *(2) agrees to comply with regulations and proce-*
 7 *dures applicable to the automated system and the sale*
 8 *upon issuance of securities issued by the Secretary.*

9 *(b) PROHIBITION ON FAVORED PLAYERS.—*

10 *(1) IN GENERAL.—No government securities*
 11 *broker or government securities dealer may receive*
 12 *any advantage, favorable treatment, or other benefit,*
 13 *in connection with the purchase upon issuance of se-*
 14 *curities issued by the Secretary of the Treasury,*
 15 *which is not generally available to other government*
 16 *securities brokers or government securities dealers*
 17 *under the regulations governing the sale upon issu-*
 18 *ance of securities issued by the Secretary of the Treas-*
 19 *ury.*

20 *(2) EXCEPTION.—*

21 *(A) IN GENERAL.—The Secretary of the*
 22 *Treasury may grant an exception to the applica-*
 23 *tion of paragraph (1) if—*

24 *(i) the Secretary determines that any*
 25 *advantage, favorable treatment, or other*

1 *benefit referred to in such paragraph is nec-*
 2 *essary and appropriate and in the public*
 3 *interest; and*

4 (ii) *the grant of the exception is de-*
 5 *signed to minimize any anticompetitive ef-*
 6 *fect.*

7 (B) *ANNUAL REPORT.*—*The Secretary of the*
 8 *Treasury shall submit an annual report to the*
 9 *Congress describing any exception granted by the*
 10 *Secretary under subparagraph (A) during the*
 11 *year covered by the report and the basis upon*
 12 *which the exception was granted.*

13 (c) *MEETINGS OF TREASURY BORROWING ADVISORY*
 14 *COMMITTEE.*—

15 (1) *OPEN MEETINGS.*—

16 (A) *IN GENERAL.*—*Except as provided in*
 17 *subparagraph (B), any meeting of the Treasury*
 18 *Borrowing Advisory Committee of the Public Se-*
 19
 20 *referred to as the “advisory committee”), or any*
 21 *successor to the advisory committee, shall be open*
 22 *to the public.*

23 (B) *EXCEPTION.*—*Subparagraph (A) shall*
 24 *not apply with respect to any part of any meet-*

1 *ing of the advisory committee in which the advi-*
 2 *sory committee—*

3 *(i) discusses and debates the issues pre-*
 4 *sented to the advisory committee by the Sec-*
 5 *retary of the Treasury; or*

6 *(ii) makes recommendations to the Sec-*
 7 *retary.*

8 *(2) MINUTES OF EACH MEETING.—The detailed*
 9 *minutes required to be maintained under section*
 10 *10(c) of the Federal Advisory Committee Act for any*
 11 *meeting by the advisory committee shall be made*
 12 *available to the public within 3 business days of the*
 13 *date of the meeting.*

14 *(3) PROHIBITION ON RECEIPT OF GRATUITIES OR*
 15 *EXPENSES BY ANY OFFICER OR EMPLOYEE OF THE*
 16 *BOARD OR DEPARTMENT.—In connection with any*
 17 *meeting of the advisory committee, no officer or em-*
 18 *ployee of the Department of the Treasury, the Board*
 19 *of Governors of the Federal Reserve System, or any*
 20 *Federal reserve bank may accept any gratuity, con-*
 21 *sideration, expense of any sort, or any other thing of*
 22 *value from any advisory committee described in sub-*
 23 *section (c), any member of such committee, or any*
 24 *other person.*

25 *(4) PROHIBITION ON OUTSIDE DISCUSSIONS.—*

1 (A) *IN GENERAL.*—Subject to subparagraph
2 (B), a member of the advisory committee may
3 not discuss any part of any discussion, debate,
4 or recommendation at a meeting of the advisory
5 committee which occurs while such meeting is
6 closed to the public (in accordance with para-
7 graph (1)(B)) with, or disclose the contents of
8 such discussion, debate, or recommendation to,
9 anyone other than—

10 (i) another member of the advisory
11 committee who is present at the meeting; or

12 (ii) an officer or employee of the De-
13 partment of the Treasury.

14 (B) *APPLICABLE PERIOD OF PROHIBI-*
15 *TION.*—The prohibition contained in subpara-
16 graph (A) on discussions and disclosures of any
17 discussion, debate, or recommendation at a meet-
18 ing of the advisory committee shall cease to
19 apply—

20 (i) with respect to any discussion, de-
21 bate, or recommendation which relates to
22 the securities to be auctioned in a
23 midquarter refunding by the Secretary of
24 the Treasury, at the time the Secretary

1 *makes a public announcement of the refund-*
2 *ing; and*

3 (ii) *with respect to any other discus-*
4 *sion, debate, or recommendation at the*
5 *meeting, at the time the Secretary releases*
6 *the minutes of the meeting in accordance*
7 *with paragraph (2).*

8 (C) *REMOVAL FROM ADVISORY COMMITTEE*
9 *FOR VIOLATIONS OF THIS PARAGRAPH.—In addi-*
10 *tion to any penalty or enforcement action to*
11 *which a person who violates a provision of this*
12 *paragraph may be subject under any other pro-*
13 *vision of law, the Secretary of the Treasury*
14 *shall—*

15 (i) *remove a member of the advisory*
16 *committee who violates a provision of this*
17 *paragraph from the advisory committee and*
18 *permanently bar such person from serving*
19 *as a member of the advisory committee; and*

20 (ii) *prohibit any director, officer, or*
21 *employee of the firm of which the member*
22 *referred to in clause (i) is a director, officer,*
23 *or employee (at the time the member is re-*
24 *moved from the advisory committee) from*
25 *serving as a member of the advisory com-*

1 *mittee at any time during the 10-year pe-*
2 *riod beginning on the date of such removal.*

3 *(d) REPORT TO CONGRESS.—*

4 *(1) REPORT REQUIRED.—The Secretary of the*
5 *Treasury shall submit an annual report to the Con-*
6 *gress containing the following information with re-*
7 *spect to material violations or suspected material vio-*
8 *lations of regulations of the Secretary relating to auc-*
9 *tions and other offerings of securities upon the issu-*
10 *ance of such securities by the Secretary:*

11 *(A) The number of inquiries begun by the*
12 *Secretary during the year covered by the report*
13 *regarding such material violations or suspected*
14 *material violations by any participant in the*
15 *auction system or any director, officer, or em-*
16 *ployee of any such participant and the number*
17 *of inquiries regarding any such violations or*
18 *suspected violations which remained open at the*
19 *end of such year.*

20 *(B) A brief description of the nature of the*
21 *violations.*

22 *(C) A brief description of any action taken*
23 *by the Secretary during such year with respect*
24 *to any such violation, including any referrals*
25 *made to the Attorney General, the Securities and*

1 *Exchange Commission, any other law enforce-*
 2 *ment agency, and any Federal banking agency*
 3 *(as defined in section 3 of the Federal Deposit*
 4 *Insurance Act).*

5 *(2) DELAY IN DISCLOSURE OF INFORMATION IN*
 6 *CERTAIN CASES.—The Secretary of the Treasury shall*
 7 *not be required to include in a report under para-*
 8 *graph (1) any information the disclosure of which*
 9 *could jeopardize an investigation by an agency de-*
 10 *scribed in paragraph (1)(C) for so long as such disclo-*
 11 *sure could jeopardize the investigation.*

12 **SEC. 203. REPORT ON TREASURY MODIFICATIONS TO AUC-**
 13 **TION PROCESS.**

14 *The Secretary of the Treasury shall report to the Con-*
 15 *gress concerning significant modifications to the auction*
 16 *process for issuing United States Treasury obligations at*
 17 *the time such changes are implemented.*

Amend the title so as to read: “An Act to extend and revise rulemaking authority with respect to government securities under the Federal securities laws, and for other purposes.”.

Attest:

Clerk.

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